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SEC



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SECURITIES AND COMMISSION
0549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

503/17/04

OMB APPROVAL

OMB Number: 3235-0123
Expires: September 30, 1998
Estimated average burden
hours per response ... 12.00

SEC FILE NUMBER

8-46379

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Baldwin & Clarke Capital Markets, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

116B South River Road

(No. and Street)

Bedford

NH

03110

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John J. Clarke, Jr.

(603) 668-4353

(Area Code—Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

McCafferty and Company PC

(Name—if individual, state last, first, middle name)

71 Spit Brook Rd.

Nashua

NH

03060

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 23 2004

FOR OFFICIAL USE ONLY

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

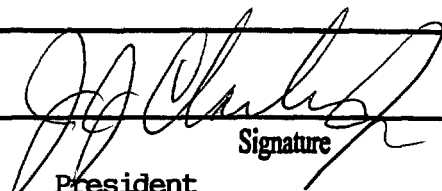
SEC 1410 (3-91)

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3/19

OATH OR AFFIRMATION

I, John J. Clarke, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Baldwin & Clarke Capital Markets, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature
President

Title



Notary Public

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FORM X-17A-5	<h1 style="margin: 0;">FOCUS REPORT</h1> <p style="margin: 0;">(Financial and Operational Combined Uniform Single Report)</p> <p style="margin: 0;">Part IIA Quarterly 17a-5(a)</p> <p style="margin: 0; font-size: small;">INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17</p>
-------------------------	--

COVER

Select a filing method:

Basic ☒ Alternate ☐ [0011]

Name of Broker Dealer:	<u>BALDWIN & CLARKE CAPITAL MARKE</u> [0013]	SEC File Number: <u>8- 46379</u> [0014]
Address of Principal Place of Business:	<u>116B SOUTH RIVER RD</u> [0020]	
	<u>BEDFORD NH</u> [0021] [0022]	Firm ID: <u>34380</u> [0015]
	<u>03110-6735</u> [0023]	

For Period Beginning 10/01/2003 And Ending 12/31/2003
[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: JOHN J. CLARKE, JR., PRESIDENT Phone: (603) 668-4353
[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: _____	Phone: _____
[0032]	[0033]
Name: _____	Phone: _____
[0034]	[0035]
Name: _____	Phone: _____
[0036]	[0037]
Name: _____	Phone: _____
[0038]	[0039]

Does respondent carry its own customer accounts? Yes ☐ [0040] No ☒ [0041]Check here if respondent is filing an audited report ☐ [0042]

ASSETSConsolidated ☐ [0198] Unconsolidated ☒ [0199]

	Allowable	Non-Allowable	Total
1. Cash	<u>6,399</u> [0200]		<u>6,399</u> [0750]
2. Receivables from brokers or dealers:			
A. Clearance account	<u></u> [0295]		<u>0</u> [0810]
B. Other	<u></u> [0300]	<u></u> [0550]	<u>0</u> [0830]
3. Receivables from non-customers	<u></u> [0355]	<u></u> [0600]	<u>0</u> [0830]
4. Securities and spot commodities owned, at market value:			
A. Exempted securities	<u></u> [0418]		
B. Debt securities	<u></u> [0419]		
C. Options	<u></u> [0420]		
D. Other securities	<u></u> [0424]		
E. Spot commodities	<u></u> [0430]		<u>0</u> [0850]
5. Securities and/or other investments not readily marketable:			
A. At cost	<u></u> [0130]		
B. At estimated fair value	<u></u> [0440]	<u></u> [0610]	<u>0</u> [0860]
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:	<u></u> [0460]	<u></u> [0630]	<u>0</u> [0880]
A. Exempted securities	<u></u> [0150]		
B. Other securities	<u></u> [0160]		

7.	Secured demand notes market value of collateral:	<u> </u> [0470]	<u> </u> [0640]	<u> </u> 0 [0890]
	A. Exempted securities			
	<u> </u> [0170]			
	B. Other securities			
	<u> </u> [0180]			
8.	Memberships in exchanges:			
	A. Owned, at market			
	<u> </u> [0190]			
	B. Owned, at cost		<u> </u> [0650]	
	C. Contributed for use of the company, at market value		<u> </u> [0660]	<u> </u> 0 [0900]
9.	Investment in and receivables from affiliates, subsidiaries and associated partnerships	<u> </u> [0480]	<u> </u> [0670]	<u> </u> 0 [0910]
10.	Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	<u> </u> [0490]	<u> </u> [0680]	<u> </u> 0 [0920]
11.	Other assets	<u> </u> [0535]	<u> </u> 35,000 [0735]	<u> </u> 35,000 [0930]
12.	TOTAL ASSETS	<u> </u> 6,399 [0540]	<u> </u> 35,000 [0740]	<u> </u> 41,399 [0940]

LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable	<u> </u> [1045]	<u> </u> [1255]	<u> </u> 0 [1470]
14. Payable to brokers or dealers:			
A. Clearance account	<u> </u> [1114]	<u> </u> [1315]	<u> </u> 0 [1560]
B. Other	<u> </u> [1115]	<u> </u> [1305]	<u> </u> 0 [1540]
	<u>11,250</u> [1155]		<u>11,250</u> [1610]
15. Payable to non-customers		<u> </u> [1355]	<u> </u> 0 [1620]
16. Securities sold not yet purchased, at market value		<u> </u> [1360]	<u> </u> 0 [1685]
17. Accounts payable, accrued liabilities, expenses and other	<u> </u> [1205]	<u> </u> [1385]	<u> </u> 0 [1690]
18. Notes and mortgages payable:			
A. Unsecured	<u> </u> [1210]		<u> </u> 0 [1700]
B. Secured	<u> </u> [1211]	<u> </u> [1390]	<u> </u> 0 [1710]
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		<u> </u> [1400]	<u> </u> 0 [1710]
1. from outsiders	<u> </u> [0970]		
2. Includes equity subordination (15c3-1(d)) of	<u> </u> [0980]		
B. Securities borrowings, at market value:		<u> </u> [1410]	<u> </u> 0 [1720]
from outsiders	<u> </u> [0990]		
C. Pursuant to secured demand note collateral agreements:		<u> </u> [1420]	<u> </u> 0 [1730]
1. from outsiders	<u> </u>		

[1000]

2. Includes
equity
subordination
(15c3-1(d)) of

[1010]

D. Exchange
memberships
contributed for use of
company, at market
value

0
[1430] [1740]

E. Accounts and other
borrowings not
qualified for net capital
purposes

0
[1220] [1440] [1750]

20. 11,250 0 11,250
TOTAL LIABILITIES [1230] [1450] [1760]

Ownership Equity

Total

21. Sole proprietorship [1770]

22. Partnership (limited partners [1020]) [1780]

23. Corporations:

A. Preferred stock [1791]

B. Common stock [1792]

C. Additional paid-in capital 53,011 [1793]

D. Retained earnings -22,872 [1794]

E. Total 30,149 [1795]

F. Less capital stock in treasury 0 [1796]

24. 30,149
TOTAL OWNERSHIP EQUITY [1800]

25. 41,399
TOTAL LIABILITIES AND OWNERSHIP EQUITY [1810]

STATEMENT OF INCOME (LOSS)Period Beginning 10/01/2003
[3932]Period Ending 12/31/2003
[3933]Number of months 3
[3931]**REVENUE**

1. Commissions:

a. Commissions on transactions in exchange listed equity securities executed on an exchange	[3935]
b. Commissions on listed option transactions	[3938]
c. All other securities commissions	[3939]
	0
d. Total securities commissions	[3940]

2. Gains or losses on firm securities trading accounts

a. From market making in options on a national securities exchange	[3945]
b. From all other trading	[3949]
	0
c. Total gain (loss)	[3950]

3. Gains or losses on firm securities investment accounts

[3952]

4. Profit (loss) from underwriting and selling groups

[3955]

5. Revenue from sale of investment company shares

[3970]

6. Commodities revenue

[3990]

7. Fees for account supervision, investment advisory and administrative services

[3975]

8. Other revenue

20,007

[3995]

9. Total revenue

20,007

[4030]

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers

[4120]

11. Other employee compensation and benefits

[4115]

12. Commissions paid to other broker-dealers

[4140]

13. Interest expense

[4075]

a. Includes interest on accounts subject to subordination agreements

[4070]

3,605

14. Regulatory fees and expenses

[4195]

15. Other expenses

19

[4100]

16. Total expenses

3,624

[4200]

NET INCOME

17. Net Income(loss) before Federal Income taxes and items below (Item 9 less Item 16)	<u>16,383</u>
	[4210]
18. Provision for Federal Income taxes (for parent only)	<u></u>
	[4220]
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above	<u></u>
	[4222]
a. After Federal income taxes of	<u></u>
	[4238]
20. Extraordinary gains (losses)	<u></u>
	[4224]
a. After Federal income taxes of	<u></u>
	[4239]
21. Cumulative effect of changes in accounting principles	<u></u>
	[4225]
22. Net income (loss) after Federal income taxes and extraordinary items	<u>16,383</u>
	[4230]

MONTHLY INCOME

23. Income (current monthly only) before provision for Federal income taxes and extraordinary items	<u>6,390</u>
	[4211]

EXEMPTIVE PROVISIONS

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

A. (k)

☐ [4550]

(1)--Limited business (mutual funds and/or variable annuities only)

B. (k)

☒ [4560]

(2)(i)--"Special Account for the Exclusive Benefit of customers" maintained

C. (k)

☐ [4570]

(2)(ii)--All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm(s)

Clearing Firm SEC#s

Name

Product Code

8- _____

[4335A]

_____ [4335A2]

_____ [4335B]

8- _____

[4335C]

_____ [4335C2]

_____ [4335D]

8- _____

[4335E]

_____ [4335E2]

_____ [4335F]

8- _____

[4335G]

_____ [4335G2]

_____ [4335H]

8- _____

[4335I]

_____ [4335I2]

_____ [4335J]

D. (k)

☐ [4580]

(3)--Exempted by order of the Commission

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition		<u>30,149</u> [3480]
2.	Deduct ownership equity not allowable for Net Capital		<u>[3490]</u>
3.	Total ownership equity qualified for Net Capital		<u>30,149</u> [3500]
4.	Add:		
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>0</u> [3520]
	B. Other (deductions) or allowable credits (List)		
		<u>[3525A]</u>	<u>[3525B]</u>
		<u>[3525C]</u>	<u>[3525D]</u>
		<u>[3525E]</u>	<u>[3525F]</u>
			<u>0</u> [3525]
5.	Total capital and allowable subordinated liabilities		<u>30,149</u> [3530]
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C)	<u>35,000</u> [3540]	
	B. Secured demand note deficiency	<u>[3590]</u>	
	C. Commodity futures contracts and spot commodities - proprietary capital charges	<u>[3600]</u>	
	D. Other deductions and/or charges	<u>[3610]</u>	<u>-35,000</u> [3620]
7.	Other additions and/or credits (List)		
		<u>[3630A]</u>	<u>[3630B]</u>
		<u>[3630C]</u>	<u>[3630D]</u>
		<u>[3630E]</u>	<u>[3630F]</u>
			<u>0</u> [3630]
8.	Net capital before haircuts on securities positions		<u>-4,851</u> [3640]
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
	A. Contractual securities commitments	<u>[3660]</u>	
	B. Subordinated securities borrowings	<u>[3670]</u>	
	C. Trading and investment securities:		

1. Exempted securities		[3735]	
2. Debt securities		[3733]	
3. Options		[3730]	
4. Other securities		[3734]	
D. Undue Concentration		[3650]	
E. Other (List)			
	[3736A]	[3736B]	
	[3736C]	[3736D]	
	[3736E]	[3736F]	
		0	0
		[3736]	[3740]
10. Net Capital			- 4,851
			[3750]

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)		750
		[3756]
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with <u>Note(A)</u>		5,000
		[3758]
13. Net capital requirement (greater of line 11 or 12)		5,000
		[3760]
14. Excess net capital (line 10 less 13)		- 9,851
		[3770]
15. Excess net capital at 1000% (line 10 less 10% of line 19)		- 5,976
		[3780]

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition		11,250
		[3790]
17. Add:		
A. Drafts for immediate credit		
		[3800]
B. Market value of securities borrowed for which no equivalent value is paid or credited		
		[3810]
C. Other unrecorded amounts (List)		

	[3820A]	[3820B]	
	[3820C]	[3820D]	
	[3820E]	[3820F]	
		0	0
		[3820]	[3830]
19. Total aggregate indebtedness			11,250
			[3840]
20. Percentage of aggregate indebtedness to net capital (line 19 / line 10)		%	-232
			[3850]

OTHER RATIOS

21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%	0
		[3860]

SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed Withdrawal or Accrual	Name of Lender or Contributor	Insider or Outsider	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	Withdrawal or Maturity Date (MMDDYYYY)	Expect to Renew
— [4600]		[4601]	[4602]	[4603]	[4604] [4605]
— [4610]		[4611]	[4612]	[4613]	[4614] [4615]
— [4620]		[4621]	[4622]	[4623]	[4624] [4625]
— [4630]		[4631]	[4632]	[4633]	[4634] [4635]
— [4640]		[4641]	[4642]	[4643]	[4644] [4645]
— [4650]		[4651]	[4652]	[4653]	[4654] [4655]
— [4660]		[4661]	[4662]	[4663]	[4664] [4665]
— [4670]		[4671]	[4672]	[4673]	[4674] [4675]
— [4680]		[4681]	[4682]	[4683]	[4684] [4685]
— [4690]		[4691]	[4692]	[4693]	[4694] [4695]
TOTAL			0		
			\$		

[4699]

Omit Pennies

Instructions Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

Withdrawal Code	Description
1	Equity Capital
2	Subordinated Liabilities
3	Accruals
4	15c3-1(c)(2)(iv) Liabilities

STATEMENT OF CHANGES

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1.	Balance, beginning of period		6,241
			[4240]
	A. Net income (loss)		16,383
			[4250]
	B. Additions (includes non-conforming capital of	[4262])	7,525
			[4260]
	C. Deductions (includes non-conforming capital of	[4272])	[4270]
2.	Balance, end of period (From item 1800)		30,149
			[4290]

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3.	Balance, beginning of period		[4300]
	A. Increases		[4310]
	B. Decreases		[4320]
4.	Balance, end of period (From item 3520)		0
			[4330]

**BALDWIN & CLARKE CAPITAL MARKETS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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McCafferty & Company, P.C.

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Baldwin & Clarke Capital Markets, Inc.
Bedford, NH 03110

We have audited the accompanying statement of financial condition of Baldwin & Clarke Capital Markets, Inc. as of December 31, 2003 and 2002 and the related statements of income, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that the Company is filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baldwin & Clarke Capital Markets, Inc. as of December 31, 2003 and 2002, and the results of the operations and the cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III and IV, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McCafferty and Company, P.C.

McCafferty and Company, P.C.
Certified Public Accountants

February 10, 2004

Members

*American Institute Of
Certified Public Accountants*

*Massachusetts Society Of
Certified Public Accountants*

*New Hampshire Society Of
Certified Public Accountants*

220 Boylston Street

Chestnut Hill, Massachusetts

02467

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Nashua, New Hampshire

03060

Tel: 603-888-6618

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The CPA. Never Underestimate The Value.™

BALDWIN AND CLARKE CAPITAL MARKETS, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003 AND 2002

ASSETS

	<u>2003</u>	<u>2002</u>
Cash	\$ 6,399	\$ 7,427
Accounts Receivable	<u>35,000</u>	<u>-</u>
Total Assets	<u>\$ 41,399</u>	<u>\$ 7,427</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts Payable	<u>\$ 11,250</u>	<u>\$ -</u>
------------------	------------------	-------------

Stockholders' Equity:

Common Stock (\$1.00 par value, 10 shares authorized, issued and outstanding)	\$ 10	\$ 10
Additional Paid-in Capital	53,011	41,936
Accumulated Deficit	<u>(22,872)</u>	<u>(34,519)</u>
Total Stockholders' Equity	<u>30,149</u>	<u>7,427</u>
Total Liabilities and Stockholders' Equity	<u>\$ 41,399</u>	<u>\$ 7,427</u>

See Auditors Report and Notes to Financial Statements
Which are an Integral Part of these Financial Statements.

BALDWIN AND CLARKE CAPITAL MARKETS, INC.
STATEMENT OF INCOME
DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Commissions	<u>\$ 35,000</u>	<u>\$ -</u>
Total Revenues	<u>35,000</u>	<u>-</u>
Expenses:		
Miscellaneous Expenses	1,522	1,427
Penalties and Fines	15,000	-
Professional Fees	750	1,828
Regulatory Fees	<u>6,081</u>	<u>5,789</u>
Total Expenses	<u>23,353</u>	<u>9,044</u>
Net Income / (Loss) Before Taxes	<u>11,647</u>	<u>(9,044)</u>
Net Income / (Loss)	<u><u>\$ 11,647</u></u>	<u><u>\$ (9,044)</u></u>

See Auditors Report and Notes to Financial Statements
Which are an Integral Part of these Financial Statements.

BALDWIN AND CLARKE CAPITAL MARKETS, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	<u>Common Stock</u>	<u>Add'l Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance January 1, 2002	\$ 10	\$ 38,531	\$ (25,475)	\$ 13,066
Contributions to Capital	-	3,405	-	3,405
Net Income (Loss) December 1, 2002	<u>-</u>	<u>-</u>	<u>(9,044)</u>	<u>(9,044)</u>
Balance January 1, 2003	10	41,936	(34,519)	7,427
Contributions to Capital	-	11,075	-	11,075
Net Income/(Loss) December 31, 2002	<u>-</u>	<u>-</u>	<u>11,647</u>	<u>11,647</u>
Balance December 31, 2002	<u>\$ 10</u>	<u>\$ 53,011</u>	<u>\$ (22,872)</u>	<u>\$ 30,149</u>

See Auditors Report and Notes to Financial Statements
Which are an Integral Part of these Financial Statements.

BALDWIN AND CLARKE CAPITAL MARKETS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 11,647	\$ (9,044)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
(Increase) / Decrease in Accounts Receivable	(35,000)	-
Increase / (Decrease) in Accounts Payable	<u>11,250</u>	<u>-</u>
Net (Decrease) in Cash Provided by Operating Activities	(12,103)	(9,044)
Cash Flows from Investing Activities:		
Partner Capital Contributions	<u>11,075</u>	<u>3,405</u>
Net Increase to Cash from Investing Activities	<u>11,075</u>	<u>3,405</u>
Net Decrease in Cash	(1,028)	(5,639)
Cash Balance - January 1	<u>7,427</u>	<u>13,066</u>
Cash Balance - December 31	<u><u>\$ 6,399</u></u>	<u><u>\$ 7,427</u></u>

Supplemental Disclosure of Cash Flow Information

Cash Paid During the Year for:

Taxes	-	-
Interest	-	-

For purposes of statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

See Auditors Report and Notes to Financial Statements
Which are an Integral Part of these Financial Statements.

BALDWIN AND CLARKE CAPITAL MARKETS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Company was incorporated in New Hampshire on June 30, 1993 to do business as a registered broker-dealer under the Securities and Exchange Act of 1934. The Company acts principally as a representative of business clients in the private placements of their securities arising from mergers, acquisitions, divestitures, recapitalizations, debts, mezzanine and equity financing.

Income Taxes

The Company is an S Corporation for federal income tax purposes. Consequently, income or loss flows directly to the shareholders, and income taxes are determined at the shareholder level.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - NET CAPITAL

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as defined, not exceeding 15 to 1. The Company's net capital as computed under Rule 15c3-1, were \$(4,831) and \$7,427 at December 31, 2003 and 2002, respectively, which does not meet the required net capital amount of \$5,000, by \$(9,851), at December 31, 2003. The ratio of aggregate indebtedness at December 31, 2003 was negative.

NOTE 3 - RELATED PARTY TRANSACTIONS

A related entity Baldwin & Clarke Corporate Finance, Inc. (BCCF) pays all expenses of this Company except some direct costs. BCCF is responsible for expenses such as rent and other overhead costs associated with the operation of the Company. Management fees of \$ 0 were paid in 2003 and 2002, respectively to BCCF.

BALDWIN AND CLARKE CAPITAL MARKETS, INC.
SUPPLEMENTARY SCHEDULES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

SCHEDULE 1

BALDWIN AND CLARKE CAPITAL MARKETS, INC.

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL PURSUANT TO RULE 15C3-1

DECEMBER 31, 2003 AND 2002

AGGREGATE INDEBTEDNESS:	<u>2003</u>	<u>2002</u>	<u>2001</u>
Total Aggregate Indebtedness	-	-	-
NET CAPITAL			
Common Stock	\$ 10	\$ 10	\$ 10
Additional Paid-in Capital	53,011	41,936	38,531
Retained Earnings / Deficit	<u>(22,872)</u>	<u>(34,519)</u>	<u>(25,475)</u>
Total Stockholders' equity qualified for net capital	\$ 30,149	\$ 7,427	\$ 13,066
DEDUCTIONS AND/OR CHARGES			
Non-Allowable assets:	<u>(35,000)</u>	<u>-</u>	<u>-</u>
Net Capital, as defined	\$ (4,851)	\$ 7,427	\$ 13,066
CAPITAL REQUIREMENTS	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
NET CAPITAL (DEFICIT) IN EXCESS OF REQUIREMENT	<u>\$ (9,851)</u>	<u>\$ 2,427</u>	<u>\$ 8,066</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	0%	0%	0%

RECONCILIATION BETWEEN AUDITED AND UNAUDITED COMPUTATION OF NET CAPITAL:

There was no difference in net capital as reported by the Company in the Company's part IIA (unaudited), focus report at December 31, 2003 and 2002.

SCHEDULE II

BALDWIN AND CLARKE CAPITAL MARKETS, INC.

INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15C3-3

DECEMBER 31, 2003 AND 2002

The Company had no items reportable as customers' fully paid securities: (1) not in the Company's possession or control as of the audit date (for which instructions to reduce to possession or control had been issued as of the audit date) but for which the required action was not taken by the Company within the time frames specified under Rule 15c3-3 or (2) for which instructions to reduce to possession or control had not been issued as of the audit date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.

SCHEDULE III

BALDWIN AND CLARKE CAPITAL MARKETS, INC.

**SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS
IN SEGREGATION FOR CUSTOMERS' REGULATED
COMMODITY FUTURES AND OPTION ACCOUNTS**

DECEMBER 31, 2003 AND 2002

The Company claims exemption from the segregation of the Commodities Futures Act since it has no commodity customers as the term is defined in Regulation 1.3(k).

SCHEDULE IV

BALDWIN AND CLARKE CAPITAL MARKETS, INC.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALER UNDER RULE 15C3-3 OF THE SECURITIES EXCHANGE ACT OF 1934

DECEMBER 31, 2003 AND 2002

The Company is exempt from the reserve requirements of Rule 15c3-3, as its transactions are limited such that they do not handle customer funds or securities. Accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirements pursuant to Rule 15c3-3 are not applicable.



McCafferty & Company, P.C.
Certified Public Accountants

**Independent Auditor's Report on Internal
Control Structure required by SEC Rule 17a-5**

Board of Directors
Baldwin & Clarke Capital Markets, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Baldwin & Clarke Capital Markets, Inc., for the year ended December 31, 2003 and 2002, we considered its internal control structure, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because Baldwin & Clarke Capital Market, Inc. does not carry securities accounts for customers or perform custodial functions relating the customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal reserve regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) list additional objectives of the practices and procedures listed in the preceding paragraphs.

Members

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Certified Public Accountants*

*Massachusetts Society Of
Certified Public Accountants*

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Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control; that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control, including control activities for safeguarding securities that we consider to be material weakness as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe the Company's practices and procedures were adequate at December 31, 2003 and 2002, to meet the Commission's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, The National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

McCafferty and Company, P.C.

McCafferty and Company, P.C.
Certified Public Accountants

February 10, 2004

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